

# STIBOR<sup>®</sup> Transparency Indicators Report

June 2023

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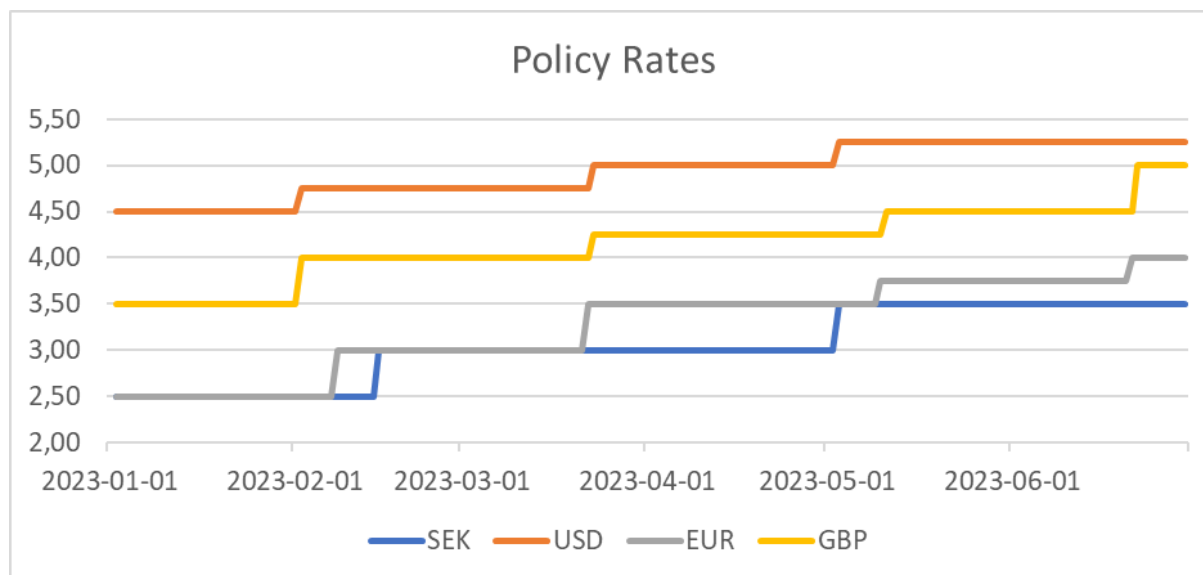
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## Disclaimer

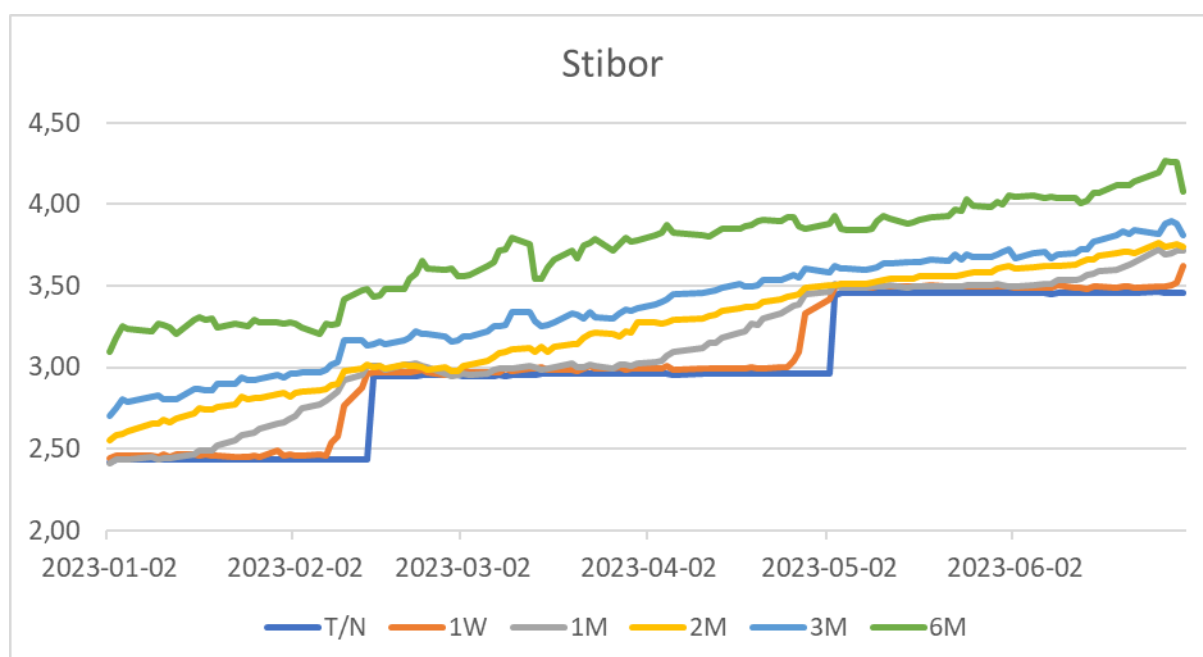
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## Market Comment

The first half of 2023 saw central banks continue to raise policy rates, albeit at a somewhat slower pace than before the turn of the year. Looking forward, policy rates in Sweden and the eurozone are expected to increase by additionally a quarter to a half percentage point, reaching a maximum towards the end of 2023 somewhere in the interval 4,0 to 4,5 percent. For the USD and GBP a similar increase are expected with rates peaking at a higher level than for SEK and EUR.

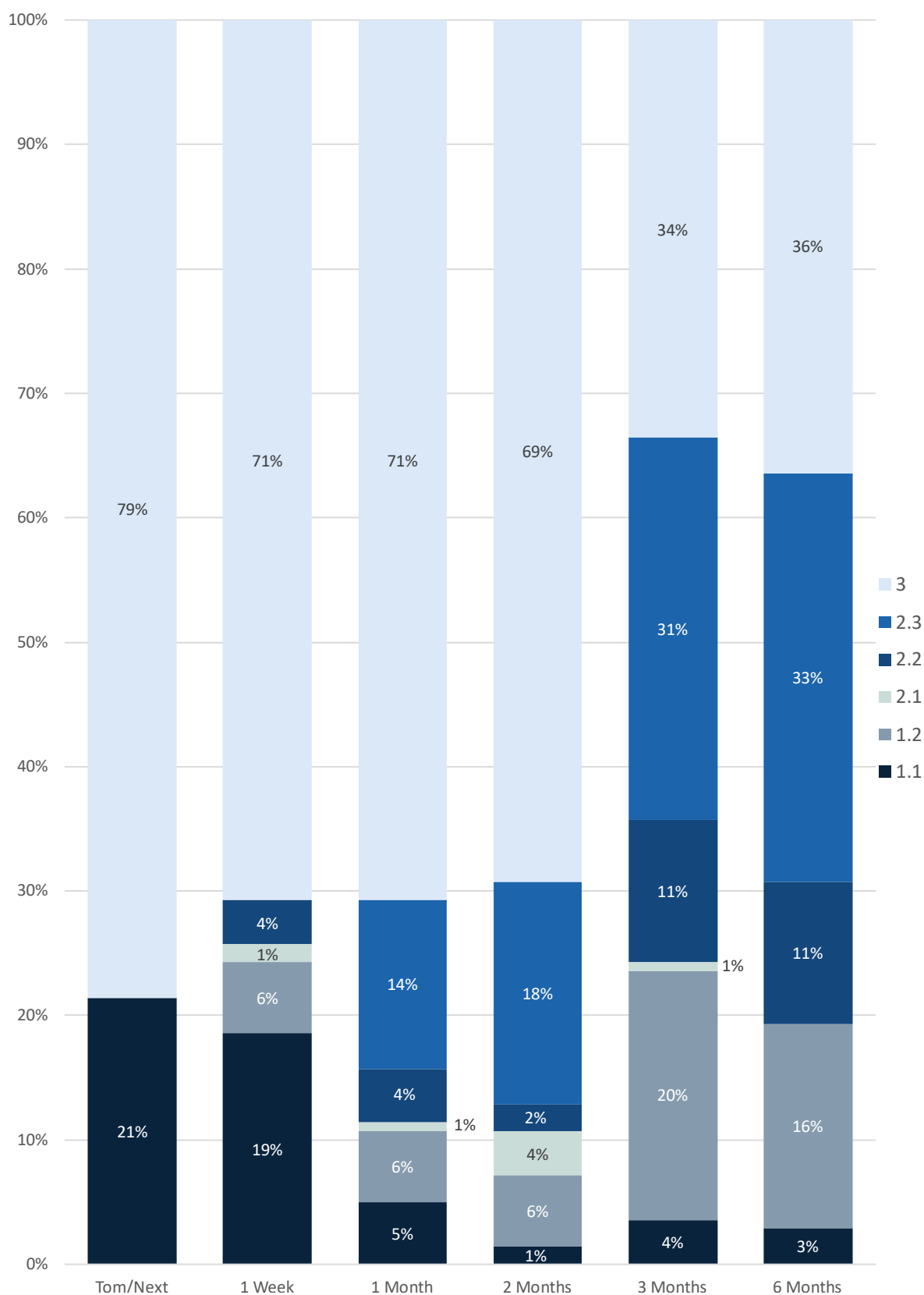


STIBOR has been less volatile than in the previous 6-months period, partly due to a less unpredictable monetary policy. However, some surprises are visible in the data. The failure of the Silicon Valley Bank in the beginning of March decreased the expected speed of increase in the rates. The Riksbank also surprised the market with an unexpectedly sharp hike in February and an unexpectedly modest one at the end of June.



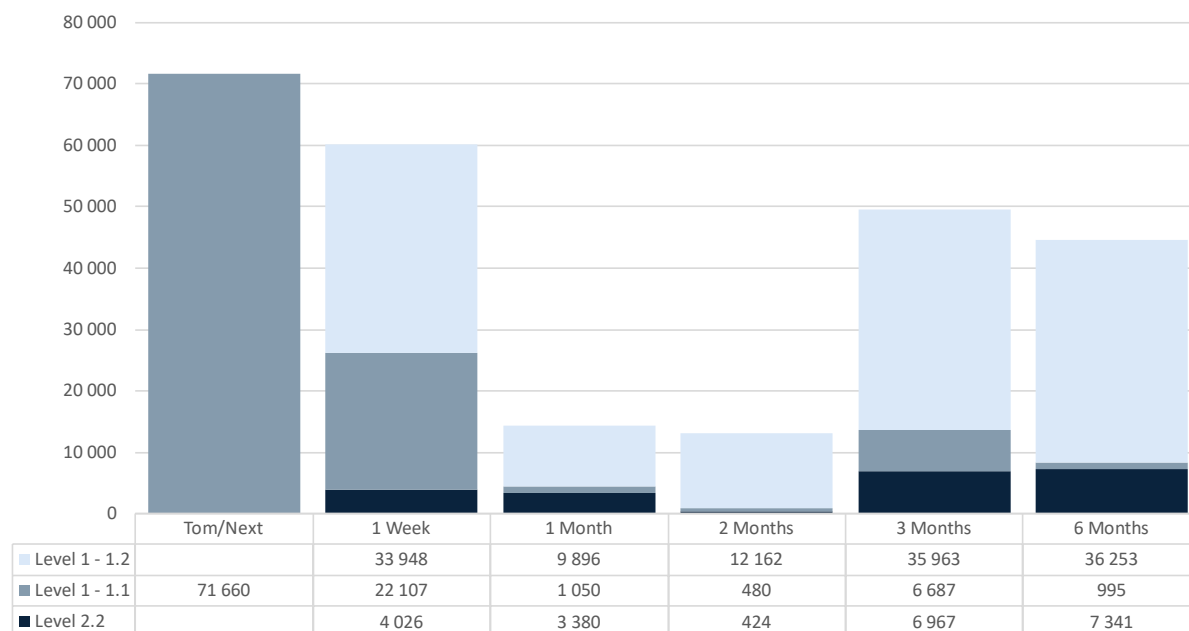
Looking forward, the period of interest rate increases seems to approach its end. Markets expect a reversal in rates already in mid-2024, but central banks expect rates to stay relatively high for longer. The inflation outlook is mixed, with inflation falling but still remarkably strong for services. Add the geopolitical risks to that and there is plenty of room for surprises also the coming six months.

## Contribution levels broken down by STIBOR tenor



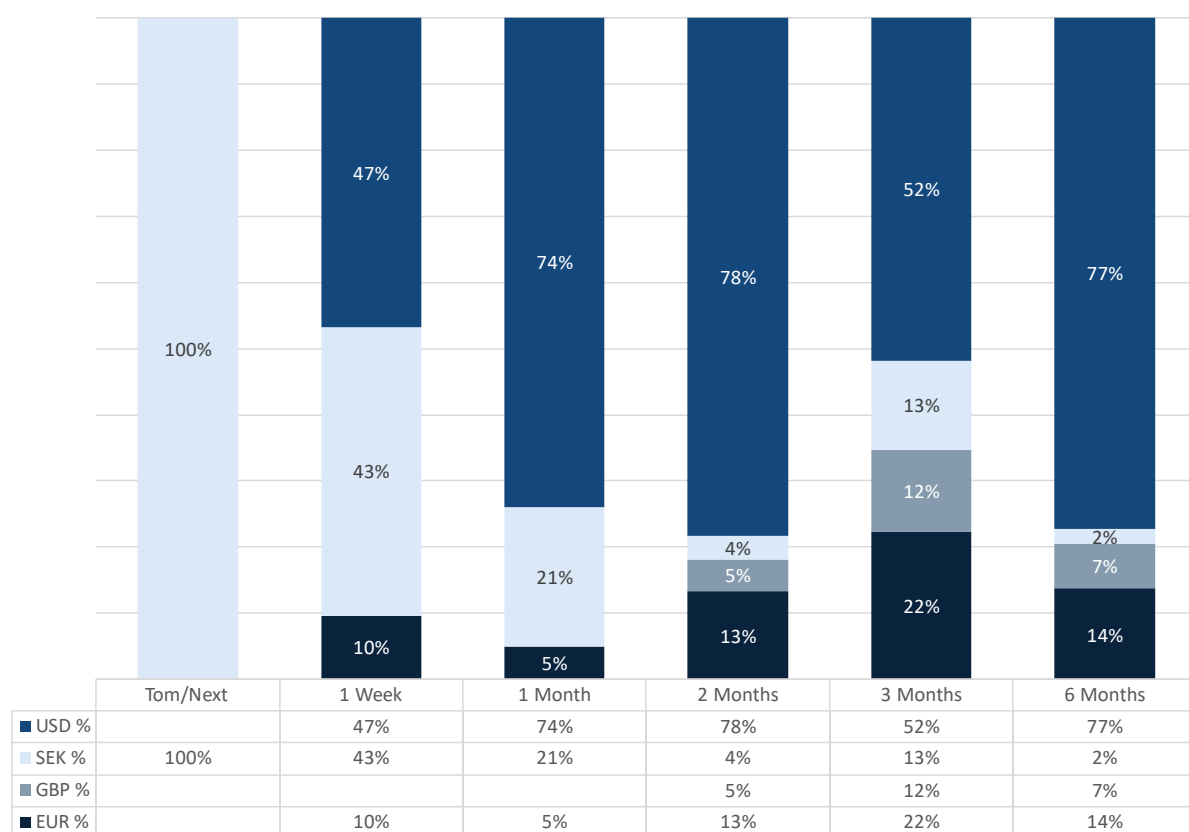
## Aggregate notional volumes of transactions

Aggregate notional volumes in mSEK<sup>1</sup> of transactions used in the determination of STIBOR® (Level 1.1, 1.2 and Level 2.2). Total transactional volume during the period was 253 339 mSEK.



## Transactions: currency break down

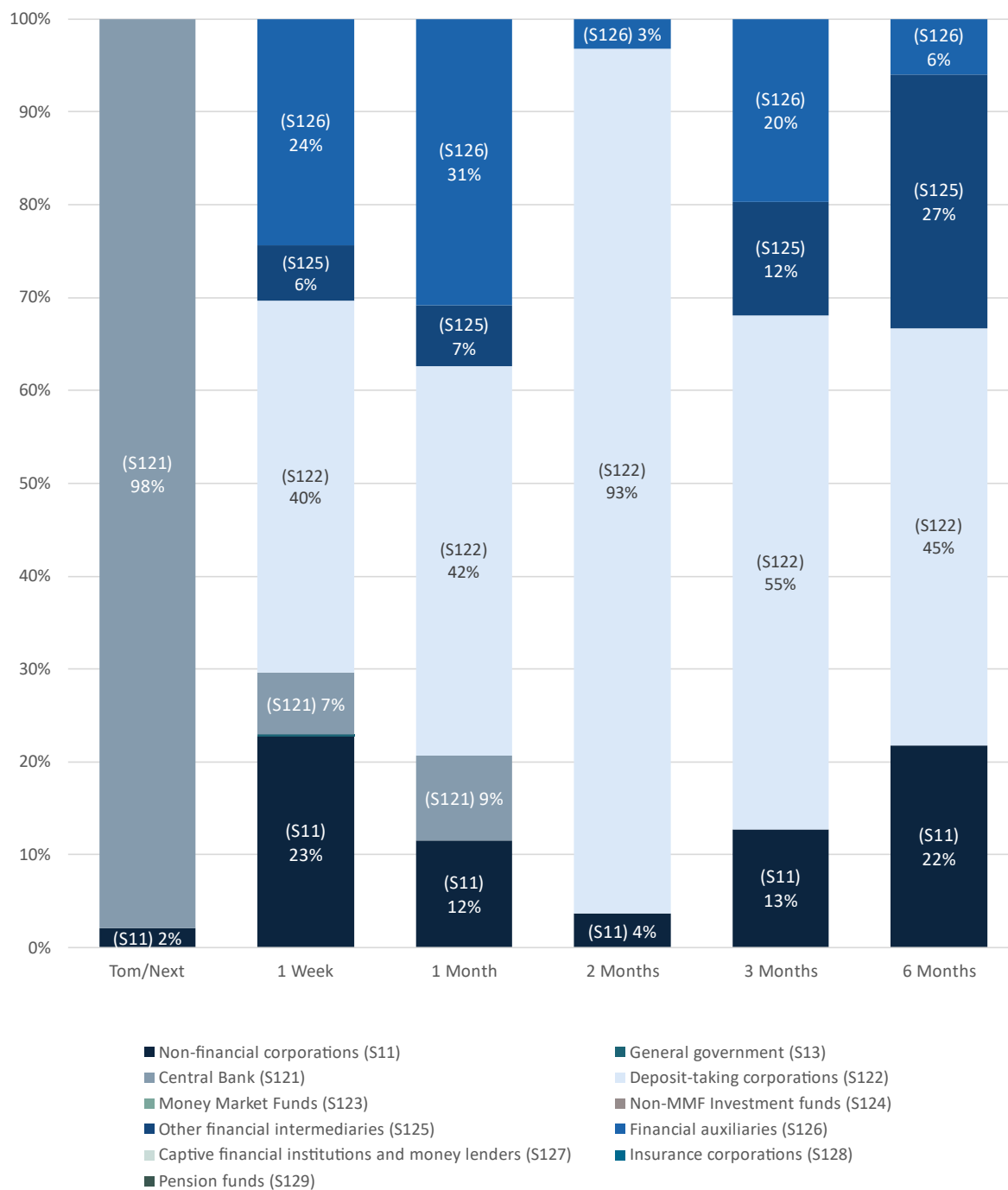
Currency denomination broken down by individual STIBOR tenor.



<sup>1</sup> Transaction in foreign currency is converted to SEK (EUR, GBP and USD).

## Counterparty sectors' share of volume

The counterparty sectors' share of volume<sup>2</sup> (%) used in the determination of STIBOR (Level 1.1., 1.2 and Level 2.2), broken down by tenor, during the period. The counterparty classification is based on the definitions of the European System of Accounts (ESA 2010).



<sup>2</sup> Transaction in foreign currency is converted to SEK (EUR, GBP and USD).

## Bid to Offer Spread (BOS)

Period	Number of business days	Number of contributions	% Application of BOS by system	% Application of BOS by Panel Banks'
June 2023	20	840	64%	36%
Tom/Next			57%	43%
1 Week			54%	46%
1 Month			42%	58%
2 Months			53%	47%
3 Months			78%	22%
6 Months			100%	0%

Data on default, mean, median, 25th and 75th percentile BOS contributed by Panel banks, per tenor, during June 2023 (includes default and altered BOS contributions).

Tenor	Default spread (bps)	Mean spread (bps)	Median spread (bps)	25th Percentile (bps)	75th Percentile (bps)
Tom/Next	8	11,1	8,0	8,0	10,0
1 week	10	16,2	10,0	10,0	15,3
1 Month	15	24,1	16,8	15,0	30,8
2 Months	15	20,9	15,0	15,0	22,8
3 Months	15	17,3	15,0	15,0	15,0
6 Months	15	15,0	15,0	15,0	15,0

Data on non-default, mean, median, 25th and 75th percentile BOS contributed by Panel banks, per tenor, during June 2023 (excludes default BOS contributions).

Tenor	Non-Default spread (bps)	Mean spread (bps)	Median spread (bps)	25th Percentile (bps)	75th Percentile (bps)
Tom/Next	≠ 8	15,2	11,0	10,0	24,0
1 week	≠ 10	23,5	17,0	11,1	29,6
1 Month	≠ 15	30,7	27,0	17,7	42,3
2 Months	≠ 15	27,5	25,4	18,0	37,1
3 Months	≠ 15	25,3	25,2	19,6	31,8
6 Months	≠ 15	0,0	0,0	0,0	0,0

## Notes

**STIBOR is determined with the Input Data contributed**, in an automated and controlled manner, by Panel Banks representative of the Swedish financial market. A Panel Bank's contribution toward STIBOR is **based on executed transactions**, when available, and on a combination of market pricing and mathematical techniques when transactional evidence is insufficient. The minimum notional volume for an eligible transaction is equal to or above 100 mSEK.

Hierarchical Input Data waterfall resulting in three possible levels of Panel Bank's contribution towards STIBOR.

- **Level 1** consists of contributions based on transactions executed by the Panel Bank during the previous day that reflect the Panel Bank's cost of funds.
- **Level 2** consists of contributions derived from the evidence of Level 1 transactions, using interpolation, extrapolation, and the application of a Market Adjustment Factor (MAF).
- **Level 3** consists of contributions based on commercial paper (CP) and certificates of deposit (CD's) issuance prices, using data through the application of a combination of modelling techniques and the Panel Bank's judgement.
- **Bid to Offer Spread (BOS)** - The final step addresses differences in value by adding a BOS, effectively moving the calculated COF rate to that of a 'lending rate'.

A 'Bid to Offer Spread' (BOS) is added, effectively moving the calculated COF rate to that of a 'lending rate'. The application of the BOS is automatically performed by the STIBOR calculation system.

Panel Banks are allowed to alter the default BOS under two circumstances:

- **Balance-Sheet Considerations** - the additional cost related to the adjustment of the bank's balance sheet for key reporting dates, most notably over year-end;
- **Funding variances** – specific market conditions may produce fundings at levels which is out of line with the panel bank's internally modelled SEK term rate structure, based on the current and future expected levels of the Riksbank Policy Rate. Under such a scenario, an adjustment of the BOS will be required to contribute an offered rate in line with the perceived SEK term rate structure.

For further in-depth details on the revised calculation methodology, and the alignment with BMR requirements, documentation is publicly available on [www.swfbf.se](http://www.swfbf.se) to ensure transparency.

STIBOR was designated a critical benchmark on 17 October 2018 in accordance with EU Commission Implementing Regulation (EU) 2018/1557. The Swedish Financial Benchmark Facility AB (SFBF) assumed the administration responsibility for STIBOR in April 2020.

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